

Aplington-Parkersburg Community School District

Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2007

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Aplington-Parkersburg Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2006 Election)

Kevin Schipper	President	2006
Tom Manifold	Vice President	2007
Tim Cuvelier	Board Member	2006
Leon Johnson	Board Member	2008
Calvin Voss	Board Member	2008

(After September 2006 Election)

Kevin Schipper	President	2009
Tom Manifold	Vice President	2007
Leon Johnson	Board Member	2008
Calvin Voss	Board Member	2008
Jill Kalkwarf	Board Member	2009

School Officials

Jon Thompson	Superintendent	2007
Patricia Gosch	District Business Manager	2007
Melinda Muller*	Board Secretary	2007
Patricia Gosch**	Board Secretary	2007
Klinkenborg, Hansmann & Peterson	Attorney	2007

* Resigned 11-1-06 thru 3-12-07

** Appointed 11-1-06 thru 3-31-07

Independent Auditor's Report

To the Board of Education of
Aplington-Parkersburg Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District, Parkersburg, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated November 7, 2007 on my consideration of Aplington-Parkersburg Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 34 through 35 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Aplington-Parkersburg Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Keith Oltrogge CPA". The signature is fluid and cursive, with the "CPA" part being more distinct and written in a slightly larger, bolder script.

Keith Oltrogge
Certified Public Accountant

November 7, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Aplington-Parkersburg Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,714,611 in fiscal 2006 to \$6,902,977 in fiscal 2007, while General Fund expenditures increased from \$6,707,522 in fiscal 2006 to \$6,745,027 in fiscal 2007. This resulted in an increase in the District's General Fund balance from \$300,401 in fiscal 2006 to \$448,360 in fiscal 2007, a 33% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in property taxes and state revenue. The increase in expenditures was due primarily to an increase in instructional expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Aplington-Parkersburg Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Aplington-Parkersburg Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Aplington-Parkersburg Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Aplington-Parkersburg Community School District Annual Financial Report

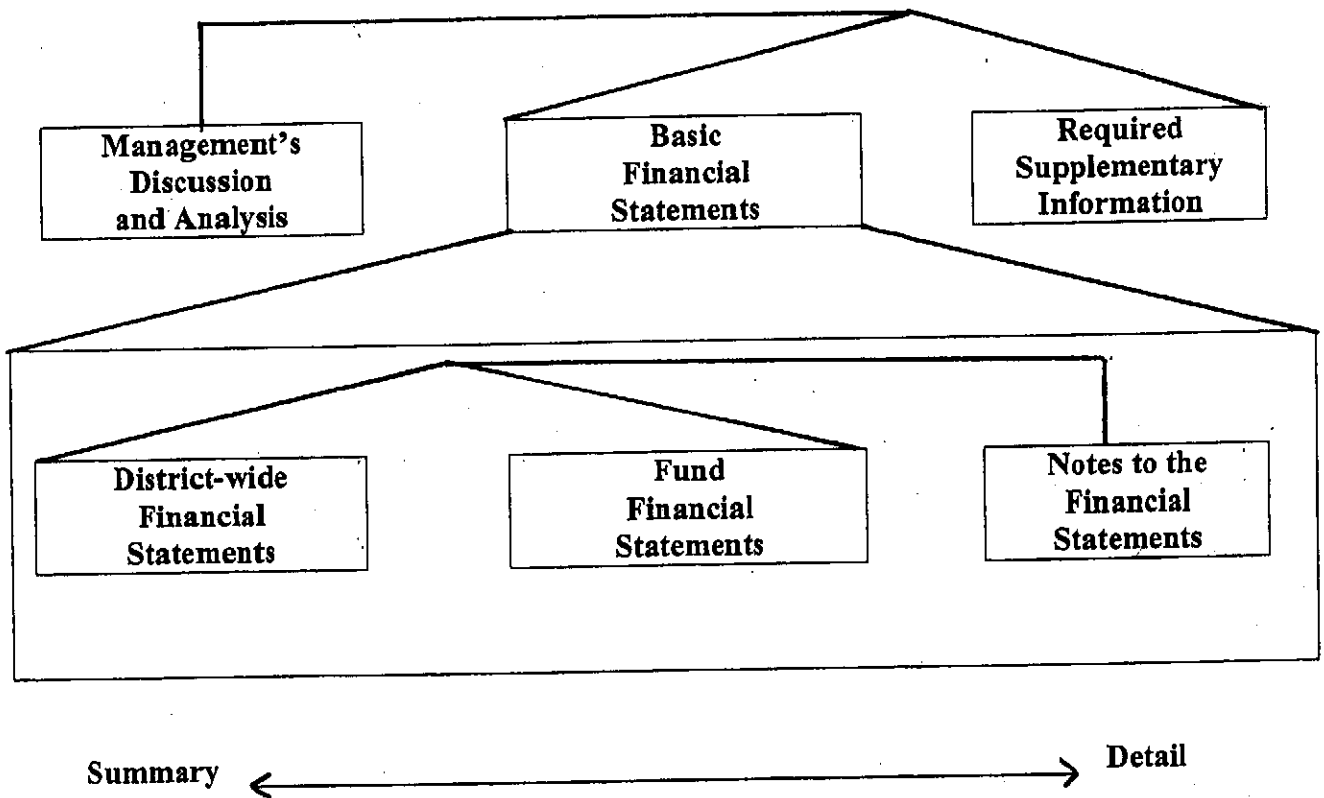


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program and Before and After School Program are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, and Debt Service Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Before and After School Program Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2007 compared to June 30, 2006.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-2007
Current and other assets	\$5,490,227	\$4,986,942	\$20,970	\$16,626	\$5,511,197	\$5,003,568	\$507,629
Capital assets	1,921,934	1,748,764	33,643	39,685	1,955,577	1,788,449	167,128
Total assets	\$7,412,161	\$6,735,706	\$54,613	\$56,311	\$7,466,774	\$6,792,017	\$674,757
Long-term liabilities	\$2,555,546	\$1,724,807	\$-	\$-	\$2,555,546	\$1,724,807	\$830,739
Other liabilities	3,565,713	4,182,268	16,110	16,577	3,581,823	4,198,845	-617,022
Total liabilities	\$6,121,259	\$5,907,075	\$16,110	\$16,577	\$6,137,369	\$5,923,652	\$213,717
Net assets:							
Invested in capital assets, net of related debt	-\$408,066	\$173,764	\$33,643	\$39,685	-\$374,423	\$213,449	-\$587,872
Restricted	37,728	88,320	-	-	37,728	88,320	-50,592
Unrestricted	1,661,240	566,547	4,860	49	1,666,100	566,596	1,099,504
Total net assets	\$1,290,902	\$828,631	\$38,503	\$39,734	\$1,329,405	\$868,365	\$461,040

The District's combined net assets increased by nearly 53%, or approximately \$461,000, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$50,600, or 57% over the prior year

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$1,099,500, or 194%.

Figure A-4 shows the change in net assets for the year ended June 30, 2007.

Figure A-4
Changes in Net Assets

	Governmental Activities	Business Type Activities	Total District
Revenues:			
Program revenues:			
Charges for service	\$662,828	\$252,700	\$915,528
Operating grants, contributions and restricted interest	714,557	\$147,996	862,553
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	2,810,190	-	2,810,190
Local option sales and service tax	431,304	-	431,304
Unrestricted state grants	3,252,507	-	3,252,507
Unrestricted investment earnings	117,380	84	117,464
Other	42,800	-646	42,154
Total revenues	\$8,031,566	\$400,134	\$8,431,700
Program expenses:			
Governmental activities:			
Instruction	\$5,245,161	\$-	\$5,245,161
Support services	1,950,798	-	1,950,798
Non-instructional programs	6,609	411,365	417,974
Other expenses	356,727	-	356,727
Total expenses	\$7,559,295	\$411,365	\$7,970,660
Change in net assets	\$472,271	-\$11,231	\$461,040
Transfers	-10,000	10,000	-
Change in net assets	\$462,271	-\$1,231	\$461,040

Property tax and unrestricted state grants account for 75% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 95% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$8,031,566 and expenses were \$7,559,295. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
**Total and Net Cost of Governmental
Activities**

	Total Cost of Services	Net Cost of Services
Instruction	\$5,245,161	\$3,932,966
Support Services	1,950,798	1,885,608
Non-instructional programs	6,609	6,609
Other expenses	356,727	356,727
Totals	\$7,559,295	\$6,181,910

- The cost financed by users of the District's programs was \$915,528.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$862,553.
- The net cost of governmental activities was financed with \$2,810,190 in property and other taxes and \$3,252,507 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$400,134 and expenses were \$411,365. The District's business type activities include the School Nutrition Fund and Before and After School Program. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Aplington-Parkersburg Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,290,902, above last year's ending fund balances of \$828,631.

Governmental Fund Highlights

- The General Fund balance increased from \$300,410 to \$448,360, due in part to the increase in property taxes and state revenue.
- The Physical Plant and Equipment Levy (PEEL) Fund balance increased from \$5,256 in fiscal 2006 to \$20,382 in fiscal 2007.

Proprietary Fund Highlights

- School Nutrition Fund net assets decreased from \$38,252 at June 30, 2006 to \$36,702 at June 30, 2007, representing a decrease of approximately 4%. Before and After School Fund net assets increased from \$1,482 at June 30, 2006 to \$1,801 at June 30, 2007.

BUDGETARY HIGHLIGHTS

The District's receipts were \$269,886 more than budgeted receipts, a variance of 3.2%. The most significant variance resulted from the District receiving more in local revenue than originally anticipated.

The District's total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had invested \$1.96 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 9% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$260,131.

The original cost of the District's capital assets was \$10.2 million. Governmental funds account for \$10.1 million, with the remainder of \$0.1 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-2007
Land	\$103,065	\$103,065	\$-	\$-	\$103,065	\$103,065	\$-
Construction in process	25,000	-	-	-	25,000	-	25,000
Buildings	929,435	887,529	-	-	929,435	887,529	41,906
Improvements other than buildings	323,573	349,687	-	-	323,573	349,687	-26,114
Furniture and equipment	540,861	408,483	33,643	39,685	574,504	448,168	126,336
Totals	\$1,921,934	\$1,748,764	\$33,643	\$39,685	\$1,955,577	\$1,788,449	\$167,128

Long-Term Debt

At June 30, 2007, the District had \$2,555,546 in long-term debt outstanding. This represents a increase of approximately 32.5% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2007	2006	2006-2007
General obligation bonds	\$1,400,000	\$1,575,000	-\$175,000
Revenue bond	930,000	-	930,000
Early retirement	225,546	149,870	75,676
Totals	\$2,555,546	\$1,724,870	\$830,676

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The District continues to be financially dependent on state funding, which can change from year to year based on enrollments and legislative actions.
- The District continues to budget for building repairs and equipment replacement as the needs arise.
- The District's solvency ratio has increased from June 30, 2006 to June 30, 2007 from 4.5% to 6.6%.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jon Thompson, Superintendent, Aplington-Parkersburg Community School District, 610 North Johnson Street, Parkersburg IA 50665.

Basic Financial Statements

Aplington-Parkersburg Community School District

Statement of Net Assets

June 30, 2007

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
ISCAP	\$ 375,041	\$ -	\$ 375,041
Other	2,314,638	10,675	2,325,313
Receivables:			
Property tax:			
Delinquent	38,275	-	38,275
Succeeding year	2,540,680	-	2,540,680
Accounts	10,302	378	10,680
Accrued interest:			
ISCAP	13,464	-	13,464
Due from other governments	197,827	-	197,827
Inventories	-	9,917	9,917
Capital assets, net of accumulated depreciation	1,921,934	33,643	1,955,577
Total Assets	\$ 7,412,161	\$ 54,613	\$ 7,466,774
Liabilities			
Due to other governments	\$ 35,122	\$ -	\$ 35,122
Accounts payable	13,658	-	13,658
Salaries and benefits payable	586,862	11,746	598,608
ISCAP warrants payable	376,000	-	376,000
ISCAP accrued interest	6,786	-	6,786
Other current liabilities	1,212	-	1,212
Accrued interest payable	5,393	-	5,393
Deferred Revenue:			
Succeeding year	2,540,680	-	2,540,680
Other	-	4,364	4,364
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	185,000	-	185,000
Early retirement	83,988	-	83,988
Portion due after one year:			
General obligation bonds	1,215,000	-	1,215,000
Revenue bonds	930,000	-	930,000
Early retirement	141,558	-	141,558
Total Liabilities	\$ 6,121,259	\$ 16,110	\$ 6,137,369
Net Assets			
Invested in capital assets, net of related debt	\$ -408,066	\$ 33,643	\$ -374,423
Restricted for:			
Debt service	81,942	-	81,942
Management levy	-168,352	-	-168,352
Physical plant and equipment levy	20,382	-	20,382
Other special revenue purposes	103,756	-	103,756
Unrestricted	1,661,240	4,860	1,666,100
Total Net Assets	\$ 1,290,902	\$ 38,503	\$ 1,329,405

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Activities

Year Ended June 30, 2007

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Functions/Programs</u>				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 3,434,584	\$ 305,774	\$ 576,984	\$ -
Special instruction	916,033	76,598	121,286	-
Other instruction	894,544	224,152	7,401	-
	<u>\$ 5,245,161</u>	<u>\$ 606,524</u>	<u>\$ 705,671</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 102,868	\$ -	\$ 5,474	\$ -
Instructional staff services	211,170	-	-	-
Administration services	599,133	-	-	-
Operation and maintenance of plant services	696,739	1,077	-	-
Transportation services	340,888	55,227	3,412	-
	<u>\$ 1,950,798</u>	<u>\$ 56,304</u>	<u>\$ 8,886</u>	<u>\$ -</u>
Non-instructional programs	<u>\$ 6,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 34,951	\$ -	\$ -	\$ -
Long-term debt interest	72,162	-	-	-
AEA flow-through	249,614	-	-	-
	<u>\$ 356,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 7,559,295</u>	<u>\$ 662,828</u>	<u>\$ 714,557</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 402,737	\$ 243,759	\$ 147,996	\$ -
Before & After School Program fees	8,628	8,941	-	-
	<u>\$ 411,365</u>	<u>\$ 252,700</u>	<u>\$ 147,996</u>	<u>\$ -</u>
Total	<u>\$ 7,970,660</u>	<u>\$ 915,528</u>	<u>\$ 862,553</u>	<u>\$ -</u>

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-2,551,826	\$	-	\$ -2,551,826
	-718,149		-	-718,149
	-662,991		-	-662,991
\$	-3,932,966	\$	-	\$ -3,932,966
\$	-97,394	\$	-	\$ -97,394
	-211,170		-	-211,170
	-599,133		-	-599,133
	-695,662		-	-695,662
	-282,249		-	-282,249
\$	-1,885,608	\$	-	\$ -1,885,608
\$	-6,609		-	\$ -6,609
\$	-34,951	\$	-	\$ -34,951
	-72,162		-	-72,162
	-249,614		-	-249,614
\$	-356,727	\$	-	\$ -356,727
\$	-6,181,910	\$	-	\$ -6,181,910
\$	-	\$	-10,982	\$ -10,982
	-		313	-313
\$	-	\$	-10,669	\$ -10,669
\$	-6,181,910	\$	-10,669	\$ -6,192,579

Aplington-Parkersburg Community School District

Statement of Activities

Year Ended June 30, 2007

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

General Revenues:

Property Tax Levied For:
 General purposes
 Debt service
 Capital outlay
Local option sales and services tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total General Revenues

Change in net assets
Transfers

Change in net assets
Net assets beginning of year

Net Assets End of Year

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 2,503,756	\$ -	\$ 2,503,756
247,772	-	247,772
58,662	-	58,662
431,304	-	431,304
3,252,507	-	3,252,507
117,380	84	117,464
42,800	-646	42,154
\$ 6,654,181	\$ -562	\$ 6,653,619
\$ 472,271	\$ -11,231	\$ 461,040
-10,000	10,000	-
\$ 462,271	\$ -1,231	\$ 461,040
828,631	39,734	868,365
\$ 1,290,902	\$ 38,503	\$ 1,329,405

Aplington-Parkersburg Community School District

Balance Sheet
Governmental Funds

June 30, 2007

	General	Capital Projects	Non-major Special Revenue	Total
Assets				
Cash and Pooled Investments:				
ISCAP	\$ 375,041	\$ -	\$ -	\$ 375,041
Other	956,070	1,044,769	313,799	2,314,638
Receivables:				
Property Tax:				
Delinquent	31,443	-	6,832	38,275
Succeeding year	2,080,785	-	459,895	2,540,680
Accounts	7,510	-	2,792	10,302
Accrued interest:				
ISCAP	13,464	-	-	13,464
Due from other governments	23,696	174,131	-	197,827
Total Assets	\$ 3,488,009	\$ 1,218,900	\$ 783,318	\$ 5,490,227
Liabilities and Fund Balances				
Liabilities:				
Due to other governments	\$ 35,122	\$ -	\$ -	\$ 35,122
Accounts payable	8,250	627	4,781	13,658
Salaries and benefits payable	531,494	-	55,368	586,862
ISCAP warrants payable	376,000	-	-	376,000
ISCAP accrued interest payable	6,786	-	-	6,786
Other current liabilities	1,212	-	-	1,212
Deferred Revenue:				
Succeeding year property tax	2,080,785	-	459,895	2,540,680
Total Liabilities	\$ 3,039,649	\$ 627	\$ 520,044	\$ 3,560,320
Fund Balances:				
Unreserved	\$ 448,360	\$ 1,218,273	\$ 263,274	\$ 1,929,907
Total Liabilities and Fund Balances	\$ 3,488,009	\$ 1,218,900	\$ 783,318	\$ 5,490,227

Aplington-Parkersburg Community School District
Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2007

Total fund balances of governmental funds (page 16)	\$ 1,929,907
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	1,921,934
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-5,393
Long-term liabilities, including early retirement and capital lease, are not due and payable in the current period and, therefore, are not reported in the funds	<u>-2,555,546</u>
Net assets of governmental activities (page 13)	<u>\$ 1,290,902</u>

Aplington-Parkersburg Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2007

	General	Capital Projects	Non-Major Special Revenue	Total
Revenues:				
Local Sources:				
Local tax	\$ 2,353,599	\$ 431,304	\$ 456,591	\$ 3,241,494
Tuition	345,948	-	-	345,948
Other	236,729	12,368	238,473	487,570
Intermediate sources	-	-	-	-
State sources	3,795,787	-	363	3,796,150
Federal sources	170,914	-	-	170,914
Total Revenues	\$ 6,902,977	\$ 443,672	\$ 695,427	\$ 8,042,076
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 3,119,278	\$ -	\$ 79,224	\$ 3,198,502
Special instruction	915,034	-	-	915,034
Other instruction	657,344	-	216,323	873,667
	\$ 4,691,656	\$ -	\$ 295,547	\$ 4,987,203
Support Services:				
Student services	\$ 102,868	\$ -	\$ -	\$ 102,868
Instructional staff services	209,445	34,584	1,725	245,754
Administration services	598,455	-	-	598,455
Operation and maintenance of plant services	614,060	-	78,053	692,113
Transportation services	278,929	190,457	17,893	487,279
	\$ 1,803,757	\$ 225,041	\$ 97,671	\$ 2,126,469
Non-instructional programs	\$ -	\$ -	\$ 6,609	\$ 6,609
Other Expenditures:				
Facilities acquisition	\$ -	\$ 202,551	\$ 22,628	\$ 225,179
Long-Term Debt:				
Principal	-	-	175,000	175,000
Interest and fiscal charges	-	-	72,825	72,825
AEA flow-through	249,614	-	-	249,614
	\$ 249,614	\$ 202,551	\$ 270,453	\$ 722,618
Total Expenditures	\$ 6,745,027	\$ 427,592	\$ 670,280	\$ 7,842,899
Excess (deficiency) of revenues over (under) expenditures	\$ 157,950	\$ 16,080	\$ 25,147	\$ 199,177
Other Financing Sources (Uses):				
Bond proceeds	\$ -	\$ 930,000	\$ -	\$ 930,000
Operating transfers out	-10,000	-	-	-10,000
Total Other Financing Sources (Uses)	\$ -10,000	\$ 930,000	\$ -	\$ 920,000
Net change in fund balances	\$ 147,950	\$ 946,080	\$ 25,147	\$ 1,119,177
Fund balances beginning of year	300,410	272,193	238,127	810,730
Fund Balances End of Year	\$ 448,360	\$ 1,218,273	\$ 263,274	\$ 1,929,907

See notes to financial statements.

Aplington-Parkersburg Community School District

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
To the Statement of Activities**

Year Ended June 30, 2007

Net change in fund balances – total governmental funds (page 18)

\$ 1,119,177

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Loss on disposal of equipment	\$ -10,510	
Expenditures for capital assets	438,416	
Depreciation expense	<u>-254,736</u>	173,170

Certain delinquent property tax not collected for several months after year end is not considered available revenue and is deferred in the governmental funds.

-

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	\$ -930,000	
Repaid	<u>175,000</u>	-755,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement		<u>-75,739</u>
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Change in Net Assets of Governmental Activities (page 15)

\$ 462,271

Aplington-Parkersburg Community School District

Statement of Net Assets
Proprietary Funds

June 30, 2007

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Assets			
Cash and cash equivalents	\$ 9,252	\$ 1,423	\$ 10,675
Accounts receivable	-	378	378
Inventories	9,917	-	9,917
Capital assets, net of accumulated depreciation	33,643	-	33,643
Total Assets	\$ 52,812	\$ 1,801	\$ 54,613
Liabilities			
Salaries and benefits payable	\$ 11,746	\$ -	\$ 11,746
Deferred revenue	4,364	-	4,364
Total Liabilities	\$ 16,110	\$ -	\$ 16,110
Net Assets			
Invested in capital assets, net of related debt	\$ 33,643	\$ -	\$ 33,643
Unrestricted	3,059	1,801	4,860
Total Net Assets	\$ 36,702	\$ 1,801	\$ 38,503

Aplington-Parkersburg Community School District

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

June 30, 2007

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 243,759	\$ 8,941	\$ 252,700
Operating expenses:			
Non-instructional programs:			
Salaries	\$ 139,280	\$ 7,195	\$ 146,475
Benefits	28,894	964	29,858
Purchased services	926	-	926
Supplies	228,242	469	228,711
Depreciation	5,395	-	5,395
Total operating expenses	\$ 402,737	\$ 8,628	\$ 411,365
Operating (loss) income	\$ -158,978	\$ 313	\$ -158,665
Non-operating revenues:			
Loss on disposal of assets	\$ -646	\$ -	\$ -646
State sources	4,520	-	4,520
Federal sources	143,476	-	143,476
Interest income	78	6	84
Total non-operating revenues	\$ 147,428	\$ 6	\$ 147,434
Change in net assets	\$ -11,550	\$ 319	\$ -11,231
Transfers in	10,000	-	10,000
Change in net assets	\$ -1,550	\$ 319	\$ -1,231
Net assets beginning of year	38,252	1,482	39,734
Net Assets End of Year	\$ 36,702	\$ 1,801	\$ 38,503

Aplington-Parkersburg Community School District

**Statement of Cash Flows
Proprietary Funds**

Year Ended June 30, 2007

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Cash flows from operating activities:			
Cash received from daycare fees	\$ -	\$ 8,563	\$ 8,563
Cash received from sale of lunches and breakfasts	244,683	-	244,683
Cash paid to employees for services	-169,563	-8,159	-177,722
Cash paid to suppliers for goods or services	-214,009	-469	-214,478
Net cash used by operating activities	\$ -138,889	\$ -65	\$ -138,954
Cash flows from non-capital financing activities:			
State grants received	\$ 4,520	\$ -	\$ 4,520
Federal grants received	113,512	-	113,512
Cash in lieu of commodities	10,935	-	10,935
Net cash provided by non-capital financing activities	\$ 128,967	\$ -	\$ 128,967
Cash flows from capital and related financing activities:			
Acquisition of capital assets	\$ -	\$ -	\$ -
Cash flows from investing activities:			
Interest on investments	\$ 78	\$ 6	\$ 84
Net increase (decrease) in cash and cash equivalents	\$ -9,844	\$ -59	\$ -9,903
Transfers in	10,000	-	10,000
Cash and cash equivalents beginning of year	9,096	1,482	10,578
Cash and Cash Equivalents End of Year	\$ 9,252	\$ 1,423	\$ 10,675
Reconciliation of operating loss to net cash used by operating activities:			
Operating (loss) income	\$ -158,978	\$ 313	\$ -158,665
Adjustments to reconcile operating loss to net cash used by operating activities:			
Commodities used	21,591	-	21,591
Depreciation	5,395	-	5,395
(Increase) Decrease in inventories	-6,432	-	-6,432
(Increase) Decrease in accounts receivable	-	-378	-378
Increase (decrease) in salaries and benefits payable	-1,388	-	-1,388
Increase (Decrease) in deferred revenue	923	-	923
Net Cash Used by Operating Activities	\$ -138,889	\$ -65	\$ -138,954

Non-cash investing, capital and financing activities:

During the year ended June 30, 2007, the District received \$19,029 of federal commodities.

Aplington-Parkersburg Community School District

Statement of Fiduciary Net Assets
Fiduciary Fund

Year Ended June 30, 2007

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 277,734
Total Assets	<u>\$ 277,734</u>
Liabilities	\$ -
Net assets	
Reserved for scholarships	<u>\$ 277,734</u>

Aplington-Parkersburg Community School District

**Statement of Changes in Fiduciary Net Assets
Fiduciary Fund**

Year Ended June 30, 2007

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest income	\$ 15,133
Total additions	<u>\$ 15,133</u>
Deductions:	
Support services:	
Scholarships awarded	\$ -
Total Deductions	<u>\$ -</u>
Change in net assets	\$ 15,133
Net assets beginning of year	<u>262,601</u>
Net Assets End of Year	<u>\$ 277,734</u>

Aplington-Parkersburg Community School District

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

Aplington-Parkersburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Aplington and Parkersburg, Iowa and portions of the predominately agricultural territories in Butler and Grundy Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Aplington-Parkersburg Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Aplington-Parkersburg Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds, which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Proprietary Fund - School Nutrition Fund	General Fund	<u>\$ 10,000</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2007 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2006-07A	6/28/06	6/28/07	\$ -	\$ 4,999	\$ -	\$ -	\$ -
2006-07B	1/26/07	1/25/08	375,041	8,465	376,000	6,786	1,212
Total			<u>\$ 375,041</u>	<u>\$ 13,464</u>	<u>\$ 376,000</u>	<u>\$ 6,786</u>	<u>\$ 1,212</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2007 is as follows:

Series	Balance Beginning Of Year	Advances Received	Advances Repaid	Balance End of Year
2006-07A	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2006-07A	4.500%	5.676%
2006-07B	4.250%	5.315%

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 103,065	\$ -	\$ -	\$ 103,065
Construction in process	-	25,000	-	25,000
Total capital assets not being depreciated	\$ 103,065	\$ 25,000	\$ -	\$ 128,065
Capital assets being depreciated:				
Buildings	\$ 5,493,134	\$ 99,858	\$ -	\$ 5,592,992
Improvements other than buildings	541,771	9,693	-	551,464
Furniture and equipment	3,665,757	303,865	99,742	3,869,880
Total capital assets being depreciated	\$ 9,700,662	\$ 413,416	\$ 99,742	\$ 10,014,336
Less accumulated depreciation for:				
Buildings	\$ 4,605,605	\$ 57,952	\$ -	\$ 4,663,557
Improvements other than buildings	192,084	35,807	-	227,891
Furniture and equipment	3,257,274	160,977	89,232	3,329,019
Total accumulated depreciation	\$ 8,054,963	\$ 254,736	\$ 89,232	\$ 8,220,467
Total capital assets being depreciated, net	\$ 1,645,699	\$ 158,680	\$ 10,510	\$ 1,793,869
Governmental Activities Capital Assets, Net	\$ 1,748,764	\$ 183,680	\$ 10,510	\$ 1,921,934
Business type activities:				
Furniture and equipment	\$ 81,960	\$ -	\$ 970	\$ 80,990
Less accumulated depreciation	42,275	5,395	323	47,347
Business Type Activities Capital Assets, Net	\$ 39,685	\$ -5,395	\$ 647	\$ 33,643

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$	167,876
Special		999
Other		20,877

Support services:

Instructional staff		-
Administration		6,092
Operation and maintenance of plant		13,326
Transportation		45,566
	\$	254,736

Unallocated		-
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Total Depreciation Expense – Governmental Activities	\$	254,736
--	----	---------

Business Type Activities:

Food service operations	\$	5,395
Before & After School		-

Total Depreciation Expense – Business Type Activities	\$	5,395
---	----	-------

(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
General obligation bonds	\$ 1,575,000	\$ -	\$ 175,000	\$ 1,400,000	\$ 185,000
Lost revenue bond	-	930,000	-	930,000	-
Early retirement	149,807	142,402	66,663	225,546	83,988
Total	\$ 1,724,807	\$ 1,072,402	\$ 241,663	\$ 2,555,546	\$ 268,988

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed ten years of continuous service to the District. Employees must complete an application, which is subject to approval by the Board of Education. The early retirement incentive for each eligible employee approved by the Board will be based on the employee's salary in effect the last year of the employee's employment with the District. For licensed employees, the amount will be 75% of the employee's current salary less supplemental pay or extended contract pay. This amount shall be the lump sum amount of early retirement incentive the employee will receive upon retirement. All or part of this amount may be applied towards medical insurance premiums or a lump sum will be paid over a period of up to five years. Early retirement expenditures for the year ended June 30, 2007 totaled \$66,663.

General Obligation Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2008	4.55%	\$ 185,000	\$ 64,712	\$ 249,712
2009	4.55%	190,000	56,295	246,295
2010	4.60%	200,000	47,650	247,650
2011	4.60%	215,000	38,450	253,450
2012	4.65%	220,000	28,560	248,560
2013	4.70%	220,000	18,330	238,330
2014	4.70%	170,000	7,990	177,990
Total		\$ 1,400,000	\$ 261,987	\$ 1,661,987

Lost Revenue Bonds:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2008	3.770%	\$ -	\$ 18,417	\$ 18,417
2009	3.770%	170,000	31,509	201,509
2010	3.760%	180,000	24,921	204,921
2011	3.720%	185,000	18,095	203,095
2012	3.710%	195,000	11,037	206,037
2013	3.710%	200,000	3,710	203,710
Total		\$ 930,000	\$ 107,689	\$ 1,037,689

Total principal, interest and fees paid was \$247,825 at June 30, 2007.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$216,742, \$223,055, and \$202,881, respectively, equal to the required contributions for each year.

(8) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$249,614 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Commitments

The District has entered into various contracts for improvements totaling \$607,345 for roof repairs, ceiling a high school addition and baseball lights. A \$25,000 deposit was paid on the elementary ceiling project at June 30, 2007. The \$930,000 LOST Revenue Bond will be used for these projects.

Required Supplementary Information

Aplington-Parkersburg Community School District

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Funds**

Required Supplementary Information

Year Ended June 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Local sources	\$ 4,075,012	\$ 252,138
Intermediate sources	-	-
State sources	3,796,150	4,520
Federal sources	170,914	143,476
Total Receipts	\$ 8,042,076	\$ 400,134
Disbursements:		
Instruction	\$ 4,987,203	\$ -
Support services	2,126,469	-
Non-instructional programs	6,609	411,365
Other expenditures	722,618	-
Total Disbursements	\$ 7,842,899	\$ 411,365
Excess (deficiency) of receipts over (under) disbursements	\$ 199,177	\$ -11,231
Other financing sources, net	920,000	10,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 1,119,177	\$ -1,231
Balances beginning of year	810,730	39,734
Balances End of Year	\$ 1,929,907	\$ 38,503

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts Original	Final to Actual Variance
\$	4,327,150	\$ 4,078,963	\$ 248,187
	-	-	-
	3,800,670	3,811,361	-10,691
	314,390	282,000	32,390
\$	8,442,210	\$ 8,172,324	\$ 269,886
\$	4,987,203	\$ 5,050,000	\$ 62,797
	2,126,469	3,039,651	913,182
	417,974	455,000	37,026
	722,618	769,204	46,586
\$	8,254,264	\$ 9,313,855	\$ 1,059,591
\$	187,946	\$ -1,141,531	\$ 1,329,477
	930,000	-	930,000
\$	1,117,946	\$ -1,141,531	\$ 2,259,477
	850,464	1,305,375	-454,911
\$	1,968,410	\$ 163,844	\$ 1,804,566

Aplington-Parkersburg Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

Other Supplementary Information

Aplington-Parkersburg Community School District

Combining Balance Sheet
Non-Major Special Revenue Funds

June 30, 2007

	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Assets					
Cash and pooled investments	\$ 110,269	\$ 103,756	\$ 21,517	\$ 78,257	\$ 313,799
Receivables:					
Property Tax:					
Delinquent	2,293	-	854	3,685	6,832
Succeeding year	150,000	-	60,182	249,713	459,895
Accounts	-	-	2,792	-	2,792
Total Assets	\$ 262,562	\$ 103,756	\$ 85,345	\$ 331,655	\$ 783,318
Liabilities & Fund Equity					
Liabilities:					
Salaries and benefits payable	55,368	-	-	-	55,368
Accounts payable	-	-	4,781	-	4,781
Deferred Revenue:					
Succeeding year property tax	150,000	-	60,182	249,713	459,895
Total liabilities	\$ 205,368	\$ -	\$ 64,963	\$ 249,713	\$ 520,044
Fund Equity:					
Unreserved fund balances	\$ 57,194	\$ 103,756	\$ 20,382	\$ 81,942	\$ 263,274
Total Liabilities and Fund Equity	\$ 262,562	\$ 103,756	\$ 85,345	\$ 331,655	\$ 783,318

Aplington-Parkersburg Community School District

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Special Revenue Funds**

Year Ended June 30, 2007

	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Revenues:					
Local Sources:					
Local tax	\$ 150,157	\$ -	\$ 58,662	\$ 247,772	\$ 456,591
Other	10,724	219,223	2,620	5,906	238,473
State sources	123	-	46	194	363
Total Revenues	\$ 161,004	\$ 219,223	\$ 61,328	\$ 253,872	\$ 695,427
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 79,224	\$ -	\$ -	\$ -	\$ 79,224
Other instruction	-	216,323	-	-	216,323
Support Services:					
Instructional staff	-	-	1,725	-	1,725
Operation & maintenance of plant services	56,204	-	21,849	-	78,053
Transportation services	17,893	-	-	-	17,893
Non-instructional	6,609	-	-	-	6,609
Other Expenditures:					
Facilities acquisition	-	-	22,628	-	22,628
Long-term debt:					
Principal	-	-	-	175,000	175,000
Interest and fees	-	-	-	72,825	72,825
Total Expenditures	\$ 159,930	\$ 216,323	\$ 46,202	\$ 247,825	\$ 670,280
Excess (deficiency) of revenues over (under) expenditures	\$ 1,074	\$ 2,900	\$ 15,126	\$ 6,047	\$ 25,147
Fund balances beginning of year	56,120	100,856	5,256	75,895	238,127
Fund Balances End of Year	\$ 57,194	\$ 103,756	\$ 20,382	\$ 81,942	\$ 263,274

Aplington-Parkersburg Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2007

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 13,535	\$ 71,065	\$ 70,900	\$ -221	\$ 13,479
Music	7,183	436	1,284	1,742	8,077
Wellness	620	-	-	-	620
All weather track	5,502	316	400	-	5,418
Class of 2007	5,234	5,057	11,811	1,520	-
Class of 2008	3,575	4,615	3,763	-120	4,307
Class of 2009	3,172	1,375	-	-100	4,447
Class of 2010	1,495	1,778	1,778	1,252	2,747
Class of 2011	1,824	679	1,600	182	1,085
Class of 2012	1,012	-	-	1,779	2,791
Class of 2013	-	1,300	47	-100	1,153
National Honor Society	1,600	1,264	1,988	996	1,872
Student Senate	1,237	6,503	6,565	-	1,175
Future Farmers of America	6,055	12,368	12,809	-	5,614
Cheerleaders	2,327	1,882	1,783	871	3,297
Musical	1,970	-	400	-	1,570
Drill Team	88	3,072	2,726	996	1,430
Spanish Club	8,662	12,585	20,436	996	1,807
Speech & Drama	3,639	1,167	406	-1,020	3,380
Concessions	1,046	12,323	5,439	-7,177	753
Popper	989	-	-	-	989
Towel	463	974	-	-	1,437
Elementary	4,057	4,098	3,542	-	4,613
Band trip	6,667	1,427	956	-	7,138
Athletic resale	938	21,058	17,820	-966	3,210
Lift-A-Thon	-	8,453	5,927	-	2,526
S.A.D.D.	76	-	-	-	76
Awards	-	306	1,281	975	-
First Aid	1,205	7,527	3,789	-	4,943
Auditorium	67	-	-	-	67
N.F.L.	1,993	180	2,761	588	-
Greenhouse	808	14	102	-	720
High School Activity	298	512	362	-	448
Industrial Arts Projects	539	474	487	-	526
SAGA	-	40	20	-	20
Middle School:					
Athletics	47	-	-	-	47
Special needs athletics	76	-	-	-	76
Promotion	1,700	7,340	6,216	-	2,824
Drama	727	329	2,075	1,019	-
Student Council	3,776	10,516	12,449	209	2,052
Athletic resale	59	-	-	-	59
Magazine sales	-	8,040	5,299	-2,741	-
Library	1,804	3,078	2,773	-	2,109

Aplington-Parkersburg Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2007

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Middle School (continued)					
Juice sales	\$ 453	\$ -	\$ 52	\$ -	\$ 401
Pop sales	578	3,133	3,125	-	586
Pictures	1,211	1,165	882	-340	1,154
Vocal music	174	1,176	1,207	-	143
Band	-	190	-	-	190
Elementary:					
Pictures	1,766	470	309	-340	1,587
Summer program	267	-	-	-	267
ATOM Elementary project	342	938	754	-	526
Total	\$ 100,856	\$ 219,223	\$ 216,323	\$ -	\$ 103,756

Aplington-Parkersburg Community School District

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
Revenues:				
Local Sources:				
Local tax	\$ 3,241,494	\$ 3,116,380	\$ 2,833,215	\$ 2,891,080
Tuition	345,948	320,342	298,814	314,914
Other	487,570	466,783	382,787	792,664
Intermediate sources	-	-	-	-
State sources	3,796,150	3,730,438	3,640,225	3,194,555
Federal sources	170,914	170,888	250,388	224,896
Total	\$ 8,042,076	\$ 7,804,831	\$ 7,405,429	\$ 7,418,109
Expenditures:				
Instruction:				
Regular instruction	\$ 3,198,502	\$ 3,146,628	\$ 3,220,726	\$ 3,084,911
Special instruction	915,034	806,494	736,950	1,362,937
Other instruction	873,667	788,842	774,968	545,102
Support services:				
Student services	102,868	229,827	221,810	127,511
Instructional staff services	245,754	295,706	280,722	306,411
Administrative services	598,455	712,495	677,074	795,733
Operation and maintenance of plant services	692,113	747,734	637,839	623,781
Transportation services	487,279	379,475	255,392	308,478
Non-instructional programs	6,609	6,107	4,571	2,188
Other expenditures:				
Facilities acquisition	225,179	152,468	67,076	48,764
Long-term debt:				
Principal	175,000	170,000	286,967	251,835
Interest and other charges	72,825	80,560	93,486	130,622
AEA flow-through	249,614	240,057	238,210	240,613
Total	\$ 7,842,899	\$ 7,756,393	\$ 7,495,791	\$ 7,828,886

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of
Aplington-Parkersburg Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated November 7, 2007. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Aplington-Parkersburg Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Aplington-Parkersburg Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Aplington-Parkersburg Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Aplington-Parkersburg Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Aplington-Parkersburg Community School District's financial statements that is more inconsequential will not be prevented or detected by Aplington-Parkersburg Community School District's internal control. I consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Aplington-Parkersburg Community School District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe items I-A-07 is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aplington-Parkersburg Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Aplington-Parkersburg Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Aplington-Parkersburg Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Aplington-Parkersburg Community School District and other parties to whom Aplington-Parkersburg Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Aplington-Parkersburg Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge
Certified Public Accountant

November 7, 2007

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2007

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-07 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation – I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2007

Part II - Other Findings Related to Statutory Reporting:

II-A-07 Certified Budget – Disbursements for the year ended June 30, 2007 did not exceed the certified budget.

II-B-07 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-07 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. A few administrators receive a flat \$500 a year in district expense. These are a non-accountable reimbursement which are not included in the employee's W-2's.

Recommendation – The District should include these reimbursements in employee wages or only reimburse accountable expenses.

Response – We will account for the reimbursements in the employee wages in the future.

Conclusion – Response accepted.

II-D-07 Business Transactions – No business transactions between the District and District officials or employees are detailed were noted.

Name, Title & Business Connection	Transaction Description	Amount
Calvin Voss – Board Member & Owner of Voss Repair	Repairs and maintenance	\$38,459

In accordance with an Attorney General's opinion dated November 9, 1976, the above transaction does not appear to represent a conflict of interest.

II-E-07 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-F-07 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-07 Certified Enrollment – The number of basic resident students reported to the Iowa Department of education on line 7 of the Certified Enrollment Certification Form for October 2006 was overstated. The District's certified enrollment count included 4 resident students in line 1 which were also included in line 8 as open enrolled in nonresident students. This resulted in overstating the total actual enrollment at line 7 by 4 students.

Recommendation – The District should contact the Iowa Department of Education and the Department of Management to resolve this manner.

Response – We will contact the Iowa Department of Education and the Department of Management.

Conclusion – Response accepted

II-H-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-I-07 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.